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MARTIN G. MEDER
500 SPRINGROAD DRIVE
NEENAH, WI 54956

EXAMINER

BORLINGHAUS, JASON M

ART UNIT

PAPER NUMBER

3628

DATE MAILED: 12/20/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/873,040

Applicant(s)

MEDER, MARTIN G.

Examiner

Jason M. Borlinghaus

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 12 February 2003.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-22 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-22 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☒ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
 - ☐ Certified copies of the priority documents have been received in Application No. _____.
 - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Claim Objections

Claims 1 – 6 are objected to because of the following informalities: missing words and redundant wording. Claim 1 (lines 4 – 5) should state “calculating the return on investment of a hypothetical successful appeal of the tax assessment for each of a plurality of records.” The first instance of the word “tax” in the phrase “tax appeal of the tax assessment” was redundant and the word “hypothetical” was required to bring the Claim within the scope as envisioned by the specification, as the specification relates to a potential future appeal rather than a past successful appeal. Claims 2 – 6 are objected due to dependency on Claim 1. Appropriate correction is required.

Claim 9 is objected to because of the following informalities: improper punctuation mark. Claim 9 (line 4) should state “fixer-upper” and not “fixer, upper”. Appropriate correction is required.

Claims 15 – 19 are objected to because of the following informalities: improper dependency. Claims 15 – 19 claim dependency upon “the method of Claim 14” yet Claim 14 is not for a method but for a real estate investment trust. Appropriate correction is required.

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 12 – 20 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. Claims 12 – 20 are directed to neither a process, a machine, an apparatus nor an article, but to a “real estate investment trust” which is not a statutory class. Furthermore, if a “real estate investment trust” were classified as a machine, an apparatus or an article, the claim language indicates method steps are being performed. Such claim language indicates an embrace and/or overlap between two different statutory classes of invention which 35 U.S.C. 101 is designed to prevent. *In Ex parte Lyell*, 17 USPQ2d 1548 (Bd. Pat. App. & Inter. 1990).

Claim Rejections - 35 USC § 112

The following is a quotation of the first paragraph of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

Claims 1 – 6 and 14 - 19 are rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the enablement requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to enable one skilled in the art to which it pertains, or with which it is most nearly connected, to make and/or use the invention.

Claims 1, 5 – 6 and 14 - 19 are based off “calculating the return on investment of a hypothetical successful appeal of the tax assessment valuation for each of a plurality of records” (see Claim 1, lines 4 –5 and Claim 14, lines 6 - 7). While calculation of the return on investment is old and well known in the industry of investment management,

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calculation of the probability of a successful appeal and the calculation of the change in tax assessment valuation is not old nor well-known in the industry. The specification does not contain sufficient information to enable one skilled in the art to perform such calculations and thereby preventing the calculation of the return on investment to be performed.

Furthermore, the calculation of the return on investment, although old and well known in the industry, requires the calculation or assumption of the expected return (income/revenue) generated by the future sale of the real estate property, no such method of projecting such an expected return is provided by the specification.

Claims 2 – 4 are rejected based upon their dependency to Claim 1.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

Claims 1 – 6 and 12 - 22 are rejected under 35 U.S.C. 103(a) as being unpatentable over Hymer (Hymer, Dian. *Starting Out: The Complete Home Buyer's Guide*. Chronicle Books. San Francisco, California. 1997. pp. 13 – 19, 75 – 78 and 94 - 100) in view of Lindeman (Lindeman, J Bruce & Friedman, Jack P. *Florida Real Estate Exams*. Barron's Education Series. Happaugue, New York. 1997. pp. 239, 241 and 243) and Cherry (Cherry, Edith. *Programming For Design: From Theory To Practice*. John Wiley & Sons. 1999. pp. 228).

Regarding Claim 1, Hymer discloses a method of buying real estate comprising:

- extracting from a real estate for sale database (Internet sites, multiple listing services, real estate brokerage companies) a plurality of real estate records (records, real estate home pages). (see pp. 94 – 98);
- real estate for sale information considered is the offer price (list price/asking price – see pp. 98 – 100) and annual property taxes due (see pp. 13 – 15) from each of a plurality of real estate records;
- sorting (search/generate) the plurality of records (see pp. 94 – 98); and
- displaying the sorted records so that a decision to buy real estate may be made (see pp. 94 – 98 – It is inherent that records searched and sorted via a browser interface would be displayed for the user).

Hymer does not teach a method of buying real state comprising:

- extracting from a real estate for sale database the offer price, annual property taxes due and tax assessment valuation from each of a plurality of real estate records;

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- calculating the return on investment of a successful tax appeal of the tax assessment for each of a plurality of records;
- sorting the plurality of records according to the return on investment of each record of the plurality of records; and
- displaying the sorted records so that a decision to buy real estate may be made.

Lindeman discloses a method of buying real estate comprising:

- real estate information considered is the tax assessment valuation (assessed value) of a property. (see p. 241); and
- filing a tax appeal (appeal/protest) of the tax assessment for a property. (see p. 243).

Cherry discloses a method of buying real estate comprising:

- calculating the return on investment of a real estate purchase. ("Almost any real estate venture involves a certain amount of risk and should make a return on the investment that makes the risk worth it. Return on Investment > Return on Alternative Investments." – see p. 228).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Hymer by incorporating into the database information commonly considered in the real estate purchase decision-making process such as offer price and property taxes, as disclosed by Hymer, and tax assessment valuation, upon which property taxes are determined, as disclosed by Lindeman,

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providing the potential purchaser with all relevant information to make the real estate purchase decision.

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Hymer and Lindeman by incorporating information related to a successful tax appeal of the tax assessment, as disclosed by Lindeman, as such successful appeal would affect property taxes and, thereby affect factors related to property financing and property value, as disclosed by Hymer (see pp. 13 – 15).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Hymer and Lindeman by incorporating information related to return of investment, as disclosed by Cherry, as return on investment is a commonly considered calculation among real estate ventures.

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Hymer, Lindeman and Cherry by incorporating the ability to base the return on investment based upon the successful appeal of tax assessment valuation, as disclosed by Lindeman, as such a successful appeal would lower the applicable property taxes, making property financing easier for future purchasers and making property refinancing easier for current property owners.

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Hymer, Lindeman and Cherry by incorporating the ability to sort the records, as disclosed by Hymer, in any manner that the inventor desired, such as by return on investment.

Regarding Claim 2, Hymer does not teach a method wherein the plurality of records is a subset of total records in a real estate database, the plurality of records comprising:

- records that have tax assessment valuations greater than the offer price.

Lindeman discloses a method wherein:

- tax assessment valuations are based upon market price/sale proceeds.
(see p. 239); and
- tax assessment valuations deemed too high can be appealed. (see p. 243).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Hymer, Lindeman and Cherry by incorporating an ability to segregate a subset of records in which the tax assessment valuations are greater than offer price (market value) as such real estate properties have the better likelihood of a successful appeal of the tax assessment, as illustrated by Lindeman.

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Hymer, Lindeman and Cherry by incorporating the ability to sort the records, as disclosed by Hymer, in any manner that the inventor desired, such as by the differential between tax assessment valuations and offer price.

Regarding Claims 3 – 4, Hymer discloses a method wherein the plurality of records is a subset of total records in a real estate database, the plurality of records comprising:

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- records that have also been sorted for geographic location. (see pp. 94 – 99); and
- records that have also been sorted for offer price (list price/price range). (see pp. 94 – 99).

Regarding Claim 5, Hymer discloses a method wherein:

- upper mortgage qualification limitations is based upon ratio (front-end ratio) between monthly housing expense and monthly income. (see pp. 16 – 19); and
- monthly housing expense is the cost of the mortgage payment (principal and interest) and property taxes. (see pp. 16 – 19).

Hymer does not teach a method wherein:

- the step of calculating the return on investment substitutes an increased future sales price based on hypothetical increased future mortgage, wherein the property taxes saved by a hypothetically successful tax assessment valuation appeal allow for an increased future mortgage.

Lindeman discloses a method wherein:

- tax assessment valuations deemed too high can be appealed. (see p. 243); and
- property taxes are based upon tax assessment valuations. (see p. 241).

It would have been obvious to one with ordinary skill in the art at the time the invention was made to have modified Hymer, Lindeman and Cherry by incorporating the concept that a hypothetical successful tax assessment valuation appeal, as disclosed

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by Lindeman, would allow for lower property taxes, as disclosed by Lindeman, which would allow for the lower property taxes to account for less of the housing expense, as disclosed by Hymer, allowing more of the balance of the housing expense to account for the mortgage payment, as disclosed by Hymer, allowing for a purchaser with a set income to manage a higher mortgage payment and, therefore, an increased future mortgage for the real estate under the same mortgage qualification limitations.

It would have been obvious to one with ordinary skill in the art at the time the invention was made to have modified Hymer, Lindeman and Cherry by incorporating the ability to take into account this increased future mortgage, as discussed above, into the return on investment calculation, as it is old and well known in the art, that the return on investment calculation utilizes the return on the investment, and the source of said return is immaterial, whether the return is generated by rehabilitation of the property, general appreciation or restructuring of mortgage financing.

Regarding Claim 6, neither Hymer, Lindeman nor Cherry teach a method:

- wherein the step of calculating the return on investment includes frictional costs.

Inclusion of all costs related to an investment into the calculation of the return on investment is old and well known in the art of accounting and financial management. It would have been obvious to one of ordinary skill in the art to have modified Hymer, Lindeman and Cherry by incorporating the frictional (transactional) costs of the investment, as is old and well-known, to get an accurate accounting of the invested capital and, therefore, an accurate accounting of the return on investment.

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Regarding Claims 12 – 19, further real estate investment trust claims would have been obvious from method claims rejected above, Claims 1 – 6, and are therefore rejected using the same art and rationale.

Regarding Claim 20, Hymer discloses a method of buying real estate:

- sorting (search/generate) a plurality of records in a real estate for sale database (Internet sites, multiple listing services, real estate brokerage companies). (see pp. 94 – 98);
- locating real estate for sale with an existence of an indication a state of disrepair (fixer-upper). (see pp. 75 – 78).

Hymer does not teach a method of real estate buying, comprising:

- wherein the defect is an indication of disrepair.

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Hymer by incorporating the ability to sort the records, as disclosed by Hymer, in any manner that the inventor desired, such as by indication of state of repair.

Regarding Claims 21 – 22, further method claims would have been obvious from method claims rejected above, Claims 1 – 2, and are therefore rejected using the same art and rationale.

Claims 7 are rejected under 35 U.S.C. 103(a) as being unpatentable over Hymer.

Regarding Claim 7, Hymer discloses a method of buying real estate, comprising:

- sorting (search/generate) a plurality of records in a real estate for sale database (Internet sites, multiple listing services, real estate brokerage companies). (see pp. 94 – 98);
- locating real estate for sale with an existence of an indication a state of disrepair (fixer-upper). (see pp. 75 – 78); and
- displaying the sorted contents so that a decision to buy may be made. (see pp. 94 – 98 – It is inherent that records searched and sorted via a browser interface would be displayed for the user).

Hymer does not teach a method of real estate buying, comprising:

- sorting a plurality of records in a real estate for sale database according to an existence of an indication of a state of disrepair.

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Hymer by incorporating the ability to sort the records, as disclosed by Hymer, in any manner that the inventor desired, such as by indication of state of repair.

Claims 8 – 9 are rejected under 35 U.S.C. 103(a) as being unpatentable over Hymer in view of Thomsett (Thomsett, Michael C. & Thomsett, Jean Freestone. *Getting Started In Real Estate Investing*. 2nd Edition. John Wiley & Sons. 1998. pp. 212 - 214).

Regarding Claims 8 – 9, Hymer discloses a method:

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- wherein a search term is used. (see pp. 94 – 99).

Hymer does not teach a method:

- wherein the indication of a state of disrepair is the existence of a euphemism for a state of disrepair in the description of property in a record; and
- wherein the indication of a state of disrepair is the existence of a euphemism for a state of disrepair in the description of property in a record, and wherein a search term for the euphemism is selected from at least one of diamond, fixer-upper, TLC and handyman.

Thomsett discloses a method:

- wherein the indication of a state of disrepair (fixer-upper) is the existence of a euphemism (descriptive term) for a state of disrepair in the description of property in a record (advertisement). (see p. 212 – 214, especially p. 214); and
- wherein the indication of a state of disrepair (fixer-upper) is the existence of a euphemism (descriptive term) for a state of disrepair in the description of property in a record (advertisement), and wherein the euphemism (descriptive term) is selected from at least one of fixer-upper (fixer-upper), TLC (TCL) and handyman (handyman's special/handyman's delight). (see p. 212 – 214, especially p. 214).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Hymer by incorporating the ability to search the

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records on the basis of commonly utilized euphemisms for a state of repair, as disclosed by Thomsett, as such euphemisms are commonly used in conventional advertisements for such real estate properties.

Regarding Claims 10 – 11, Hymer discloses a method wherein the plurality of records is a subset of total records in a real estate database, the plurality of records comprising:

- records that have also been sorted for geographic location. (see pp. 94 – 99); and
- records that have also been sorted for offer price (list price/price range). (see pp. 94 – 99).

Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Jason M. Borlinghaus whose telephone number is (571) 272-6924. The examiner can normally be reached on 8:30am-5:00pm M-F.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Hyung Sough can be reached on (571) 272-6799. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

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Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

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